

SUBCOMMITTEE NO. 2

Agenda

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10:00 a.m.
Room 112

<u>Item</u>	<u>Department</u>	<u>Page</u>
3110	Special Resources Programs	2
3340	California Conservation Corps	5
	Vote-Only Items.....	6
	Discussion Items	7
3460	Colorado River Board of California	8
3480	Department of Conservation	9
	Vote-Only Items.....	10
	Items for Discussion	15
3560	State Lands Commission.....	20
	Vote-Only Items.....	20
3640	Wildlife Conservation Board	23
	Vote-Only Items.....	24
	Items for Discussion	24
3780	Native American Heritage Commission	28
3790	Department of Parks and Recreation	30
	Vote-Only Items.....	31
	Items for Discussion	33
3720	California Coastal Commission	38
	Informational Items.....	39
3760	State Coastal Conservancy.....	41

Vote-Only Items.....	42
Discussion Items	43
3125 California Tahoe Conservancy	47
3810 Santa Monica Mountains Conservancy	49
3820 San Francisco Bay Conservation and Development Commission.....	51
3825 San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy	52
3830 San Joaquin River Conservancy	56
3835 Baldwin Hills Conservancy	58
3845 San Diego River Conservancy	60
3850 Coachella Valley Mountains Conservancy	62
3855 Sierra Nevada Conservancy	64

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3110 Special Resources Programs

Background. The Special Resources Programs include the Tahoe Regional Planning Agency, the Yosemite Foundation Program, and the Sea Grant Program.

Governor's Budget. The Governor's budget proposes \$4.7 million for these three special resources programs. This is about nine percent less than the expenditure in the current year due to a General Fund reduction.

Summary of Expenditures				
<i>(dollars in thousands)</i>	2006-07	2007-08	\$ Change	% Change
Type of Expenditure				
Tahoe Regional Planning Agency	\$4,344	\$3,808	-\$536	12.1
Yosemite Foundation Program	840	840	0	0
Sea Grant Program	201	248	47	23.3
Total	\$5,385	\$4,896	-\$489	-9.1
Funding Source				
General Fund	\$134	\$0	-\$134	-100
Yosemite Foundation Account	840	840	0	0
California Environmental License Plate Fund	4,287	3,932	-355	-8.2
<i>Budget Act Total</i>	<i>5,261</i>	<i>4,772</i>	<i>-489</i>	<i>-9.2</i>
Harbors and Watercraft Revolving Fund	124	124	0	0
Total	\$5,385	\$4,896	-\$489	-9.1

1. Yosemite Foundation Program

Background. This program funds restoration and preservation projects in Yosemite National Park. Funding for this program is provided from proceeds of personalized motor vehicle license plates sold by the Department of Motor Vehicles.

Staff Recommendation. No issues have been raised with this program. Staff recommends approval as budgeted.

2. Sea Grant Program

Background. This program encourages research and education in the fields of marine resources and technology. This state Sea Grant Program provides state assistance to the University of California and the University of Southern California that is used to match funds for selected projects under the federal Sea Grant Program.

Staff Recommendation. No issues have been raised with this program. Staff recommends approval as budgeted.

3. Tahoe Regional Planning Agency

Background. The Tahoe Regional Planning Agency (TRPA) was established by a congressionally approved compact between California and Nevada. The TRPA provides planning and enforceable regulations that preserve and enhance the environment and resources of the Lake Tahoe Basin. Funding for the agency is shared between Nevada (one-third) and California (two-thirds) according to the compact that established the agency.

Staff Recommendation. Staff recommends the Subcommittee hold this item open.

3340 California Conservation Corps

Background. The California Conservation Corps (CCC) assists federal, state and local agencies, and nonprofit entities in conserving and improving California's natural resources while providing employment, training, and educational opportunities for young men and women. The Corps provides on-the-job training and educational opportunities to California residents aged 18 through 23, with projects related to environmental conservation, fire protection, and emergency services. Some activities traditionally associated with the Corps are tree planting, stream clearance, and trail building. The Corps also develops and provides funding for 11 community conservation corps.

Governor's Budget. The Governor's Budget proposes \$65.4 million to support the California Conservation Corps in 2007-08. This is a 4 percent increase from estimated expenditure levels in the current year. General Fund support for the Corps is proposed to increase by about 13 percent in the budget year due to a proposal to increase the department's General Fund support and reduce the department's reliance on reimbursements.

Summary of Expenditures				
<i>(dollars in thousands)</i>	2006-07	2007-08	\$ Change	% Change
Type of Expenditure				
Training and Work Program	\$ 62,231	\$ 61,678	-\$553	0.9
Capital Outlay	892	3,691	2,799	313.8
Administration	7,525	7,783	258	3.4
<i>Less distributed administration</i>	-\$7,525	-\$7,783	-258	3.4
Total	\$ 63,123	\$ 65,369	\$ 2,246	3.6
Funding Source				
General Fund	\$ 35,805	\$ 40,606	\$ 4,801	13.4
Collins-Dugan California Conservation Corps Reimbursement Account	23,857	23,852	-5	0
Other Special Funds	628	648	20	3.2
Bond Funds	2,833	263	-2,570	-90.7
Total	\$ 63,123	\$ 65,369	\$ 2,246	3.6

Vote-Only Items

1. Placer Center Municipal Sewer Connection and Water Tie-In

Background. The California Conservation Corps Placer Center is located near the City of Auburn, Placer County. This residential facility houses about 90 corpsmembers. When the facility was originally constructed in the early 1950s, it was at a remote location and was designed to be self-sufficient. However, today nearby development makes it possible for the facility to connect to municipal utility services.

The facility's current sewage treatment system consists of a 20,000 gallon concrete underground septic tank, four percolation ponds, and a spray irrigation field. The concrete tank is deteriorating and is not able to properly liquefy solids. During times of heavy rains, the percolation ponds have overflowed and workers have dumped sewage into a creek bed flowing into an existing stream.

The annual contract cost of staying connected to the Placer County municipal sewer system is estimated at \$12,000. The annual cost of contracting for water services is based on usage.

The department anticipates that preliminary plans will be completed in April 2007 and that working drawings will be completed in September 2007.

Governor's Budget. The Governor's Budget proposes \$3,507,000 General Fund to connect to the new public sewage treatment system and to contract with the local water district to tie into the public water source and purchase water from the district.

Staff Recommendation. Staff recommends the Subcommittee approve the budget proposal.

2. Greenwood Fire Alarm System

Background. The Greenwood Residential Facility is located in the town of Greenwood in El Dorado County. The California Conservation Corps has owned the facility since 1998. The facility has the capacity to house 60 corpsmembers and 15 staff. The facility is comprised of six buildings and one utility shed.

The CCC contracted with the Department of General Services to conduct an infrastructure study on the needs of all CCC facilities. The Greenwood Residential Facility was found to have inadequate pull stations and smoke detectors.

Preliminary plans for the project are underway and the department anticipates they will be completed in December 2007.

Governor's Budget. The Governor's Budget proposes \$184,000 General Fund for the construction phase of the installation of an automated fire alarm system that will identify a fire's location.

Staff Recommendation. Staff recommends the Subcommittee approve the budget proposal.

Discussion Items

3. Proposition 84 Funds

Background. The California Conservation Corps (CCC) works to improve public safety, improve and restore wetlands, reduce fuel load on public lands, and restore streams and rivers. The CCC provides grants to local conservation corps to work on the same kinds of projects at the local level.

Proposition 84, Chapter 5, Section 75050 (l) provides \$45 million for CCC and mandates that \$32,500,000 be granted to the local conservation corps for various purposes.

Governor's Budget. The Governor's Budget proposes \$45 million in Proposition 84 bond funds over six years for grants, projects, and administration. Of the total, \$263,000 would be appropriated for 2007-08. The total funds would be divided as follows:

- \$30,265,000 for local conservation corps
- \$11,640,000 for California Conservation Corps programs
- \$1.52 million for implementing, administering, and oversight of the bond funds

The 3.5 percent bond financing cost is subtracted from the \$45 million total.

Staff Analysis. The Department of Finance has informed staff that by approving the \$263,000 for 2007-08, the Legislature is considered having made a policy decision to approve the entire \$45 million Proposition 84 expenditure program. The Legislature may wish to consider inserting budget bill language to limit the funds to the staff appropriation of \$1.52 million only, so that the grant guidelines can be developed without interruption in staff but that the Legislature can review the actual grant appropriations each year.

Staff Recommendation. Due to direction from the Budget Chair to hold all November 2006 voter approved bond funds open until policy committees hold oversight hearings, staff recommends the Subcommittee hold this item open.

3460 Colorado River Board of California

Background. The Colorado River Board (CRB) of California was established in 1937 by State statute to protect California's rights and interests in the resources provided by the Colorado River and to represent California in discussions and negotiations regarding the Colorado River and its management.

Governor's Budget. The Governor's budget proposes a small increase in funding for CRB. The CRB is funded entirely by reimbursements from local water districts.

Summary of Expenditures				
<i>(dollars in thousands)</i>	2006-07	2007-08	\$ Change	% Change
Type of Expenditure				
State Operations	\$1,481	\$1,519	\$38	2.5
Total	\$1,481	\$1,519	\$38	2.5
<i>Budget Act Total</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Reimbursements	1,481	1,519	38	2.5
Total	\$1,481	\$1,519	\$38	2.5

1. Position Re-establishment

Background. The CRB must manage the current and historic technical data and legal information generated by the CRB, its member agencies, other Colorado River Basin states, and federal agencies. This one-half time position was lost during position reductions required statewide in 2002-03. Since the one-half time position was eliminated, the CRB has fallen behind in cataloging and filing documents and books.

Governor's Budget. The Governor's Budget proposes \$34,000 to reestablish a 0.5 (half-time) Office Technician position and related operating expenses and equipment.

Staff Recommendation. Staff recommends that the Subcommittee approve this budget proposal.

3480 Department of Conservation

Background. The Department of Conservation (DOC) is charged with the development and management of the state's land, energy, and mineral resources. The department manages programs in the areas of: geology, seismology, and mineral resources; oil, gas, and geothermal resources; agricultural and open-space land; and beverage container recycling.

Governor's Budget. The Governor's Budget proposes \$1.2 billion to support DOC in the budget year. This is an increase of \$216 million over the estimated expenditures in the current year. The majority of this increase is from the Beverage Container Recycling and Litter Reduction program due to recent legislation that increased the California Redemption Value (CRV) payments.

Summary of Expenditures				
<i>(dollars in thousands)</i>	2006-07	2007-08	\$ Change	% Change
Type of Expenditure				
Geologic Hazards and Mineral Resources Conservation	\$ 23,769	\$ 24,227	\$ 458	1.9
Oil, Gas, and Geothermal Resources	18,866	19,793	927	4.9
Land Resource Protection	25,738	36,250	10,512	40.8
Beverage Container Recycling and Litter Reduction	972,528	1,177,673	205,145	21.1
Office of Mine Reclamation	8,148	6,860	-1,288	-15.8
Administration	12,061	13,296	1,235	10.2
<i>less distributed administration</i>	-12,061	-13,296	-1,235	10.2
Total	\$ 1,049,049	\$ 1,264,803	\$ 215,754	20.6
Funding Source				
General Fund	\$ 4,587	\$ 4,668	\$ 81	1.8
Special Funds	1,010,328	1,215,647	205,319	20.3
Bond Funds	22,278	32,631	10,353	46.5
<i>Budget Act Total</i>	<i>\$ 1,037,193</i>	<i>\$ 1,252,946</i>	<i>\$ 215,753</i>	<i>20.8</i>
Federal Trust Fund	1,813	1,809	-\$4	-0.3
Bosco-Keene Renewable Resources Investment Fund	994	1,002	8	0.8
Reimbursements	9,050	9,046	-4.00	0
Total	\$ 1,049,050	\$ 1,264,803	\$215,753	20.6

Vote-Only Items

1. State Mining and Geology Board Staff Additions

Background. The State Mining and Geology Board acts as a regulatory, appeals, enforcement, and advisory body for statutory responsibilities including surface mining and reclamation, fault zone mapping, and seismic hazards mapping. The Board is the

policy-making body for the Surface Mining and Reclamation Act (SMARA). Under SMARA, the Board oversees approximately 1,200 mines, with new mines opening at a rate of five per year. The Board must review lead-agency general plans for resource management as well as California Environmental Quality Act (CEQA) documents for mines.

The increasingly complex environmental, water quality, engineering and seismic issues with mine operations has left some cities and counties unable to fulfill their lead-agency roles. When the local government is unable to act as the lead-agency, the Board must assume those duties. Currently, the Board is acting as the lead-agency in two counties (50 mines) and more lead-agencies are under review.

The Board currently has only two staff members serving the nine commissioners. The increasing number of mines combined with the increasing amount of review required for the lead-agencies overseeing those mines has increased the work load of the Board's staff.

Governor's Budget. The Governor's Budget proposes \$213,000 from the Mine Reclamation Account for two permanent positions to staff the State Mining and Geology Board. These new staff members are:

- Senior Engineering Geologist to prepare and review CEQA documents and conduct field work
- Office Technician for daily administrative and clerical needs

Staff Recommendation. Staff recommends the Subcommittee approve the budget proposal.

2. SMARA Lead Agency Compliance Review Program

Background. The Surface Mining and Reclamation Act (SMARA) regulates surface mining in California. SMARA is enforced by lead agencies, mainly counties and cities, which conduct inspections of the mines and review the adequacy of their financial assurances. The State Mining and Geology Board has expressed concern that lead agencies are not adequately enforcing SMARA provisions. In some cases lead agencies have been found not to conduct annual inspections and not having ensured that adequate financial assurances are in place. The Department of Conservation's Office of Mine Reclamation (OMR) provides technical assistance to lead agencies, but with current staffing OMR is not providing comprehensive oversight of SMARA lead agency activities.

Governor's Budget. The Governor's Budget proposes \$585,000 (\$525,000 on-going) in Surface Mining and Reclamation Account funds for five permanent positions to conduct reviews of lead agency SMARA compliance audits. With these proposed new positions,

the Department of Conservation estimates that all lead agencies would undergo an audit every six years.

Staff Recommendation. Staff recommends the Subcommittee approve the budget proposal.

3. Beverage Manufacturer and Distributor Payment and Reporting

Background. SB 332 (Chapter 815, Statutes of 1999) and SB 1906 (Chapter 731, Statutes of 2000) added new types of beverages to the states' recycling program. Along with the new types of beverages, new participants were added to the program. In 2000, there were 969 distributors subject to the program and today there are 3,234 distributors. The Department of Conservation estimates that 800 new manufacturer and distributor companies are identified each year, but current staffing can only register about 200 new companies annually. When beverage manufacturer and distributor companies are not registered with the state, they do not make program payments to the state. The department estimates that the unregistered companies represent \$8.5 million in lost revenue to the state. The department also has an estimated 26,000 issue backlog with existing participants.

Governor's Budget. The Governor's Budget proposes \$1,154,000 (\$1,038,000 on-going) in California Beverage Container Recycling Fund monies for five permanent positions and five three-year limited-term positions. These positions would register manufacturer and distributor companies, as well as work to resolve the existing issue backlog.

Staff Recommendation. Staff recommends the Subcommittee approve the budget proposal.

4. Senior Legal Analyst

Background. The Department of Conservation Legal Office provides legal consultation, advice, and representation to the department's programs. The legal cases the department is involved in have increased in complexity as state regulation of the department's issue areas has increased. Currently, the Legal Office does not have a non-attorney staff that can provide journey-level legal assistance on complex cases. Attorneys are currently performing such work at a higher cost to the state per hour than necessary.

Governor's Budget. The Governor's Budget proposes \$106,000 (\$101,000 on-going) in special funds for one permanent position of a Senior Legal Analyst.

Staff Recommendation. Staff recommends the Subcommittee approve the budget proposal.

5. IT Project Management Office

Background. The Department of Conservation's Office of Technology Services produces all of DOC's IT policy and planning documents, and provides project management guidance to the divisions. The DOC's IT portfolio is approximately \$1 million in projects. However, the department does not currently have a management position responsible for department-wide project management, risk management, recovery, and attendant documentation.

Governor's Budget. The Governor's Budget proposes \$116,000 in special funds for one permanent position for IT project management and compliance activities.

Staff Recommendation. Staff recommends the Subcommittee approve the budget proposal.

6. Optimized GIS Support – Office of Technology Services

Background. Geographic Information System (GIS) has been used by the Department of Conservation since 1982 to map and monitor farmland. Over time the use of GIS expanded to include all of DOC's five divisions and twelve programs. Currently DOC uses software products from four major vendors along with software applications for specific needs. As the use of the Internet expanded, DOC's twelve programs developed their own web pages offering access to GIS maps. However, these web pages and the GIS maps they offer are not standardized and require more technical support to transport data from one system to another. The GIS Support Unit also provides GIS technical support for DOC employees. The current staff of two positions has not increased since 1994, despite the fact that GIS use has nearly doubled within DOC during that time.

Governor's Budget. The Governor's Budget proposes \$98,000 (\$92,000 on-going) from various special funds for one permanent position to support the delivery of maps and information via the Internet and to support user needs within DOC's five divisions.

Staff Recommendation. Staff recommends the Subcommittee approve the budget proposal.

7. Reappropriation of 2005 Proposition 40 and Proposition 50 Appropriations

Background. The Department of Conservation's California Farmland Conservancy Program (CFCP) was established in 1996 and provides grant funding for the planning and voluntary acquisition of agricultural conservation easements by local governments. The grant funds can also be used for planning and technical assistance, non-profit land trusts, and resource conservation districts. Agricultural conservation easements guarantee the land will continue to be used only for agricultural purposes in perpetuity.

The Department of Conservation's Watershed Coordinator Grant Program (WCGP) was established in 2000. The program emphasized a local, coordinated approach to watershed planning and management. The program has been successful in garnering local and federal dollars for watershed protection at a ratio of about 10 dollars for every state dollar spent.

The Legislature appropriated \$14,944,000 in Proposition 40 bond funds for the CFCP in 2005-06. Of that amount, \$8,748,088 remains unencumbered. The CFCP has identified projects for the balance of the funds, but the length of time it takes to negotiate grant agreements will mean it will take until 2007-08 for the funds to be fully expended.

The Legislature appropriated \$3 million in Proposition 50 bond funds for the WCGP in 2005-06. Of that amount, only \$73,124 remains unencumbered. However, the funds will revert even if they are encumbered as long as they remain unexpended. A grant language provision allows the grant recipients to keep expending the funds past June 30, 2007, which is the time when those funds would revert.

Governor's Budget. The Governor's Budget proposes reappropriation of \$14.9 million in Proposition 40 bond funds for the DOC's California Farmland Conservancy Program and \$3 million in Proposition 50 bond funds for local assistance for the Watershed Coordinator Grant Program. Specifically, these items are:

- Item 3480-101-6029, Budget Act of 2005 (Chapter 38/39, Statutes of 2005)
- Item 3480-101-6031, Budget Act of 2005 (Chapter 38/39, Statutes of 2005)

Staff Recommendation. Staff recommends the Subcommittee approve the budget proposal.

Items for Discussion

8. Public Records Retention and Searches

Background. Numerous state laws mandate that agencies provide public access to their records. The Department of Conservation is experiencing an increasing volume of large public records requests (11 requests in 2002, 52 requests in 2005). Electronic communications are considered a part of public records and are available to the public upon request; however, the Department of Conservation has no means to catalog electronic documents or communications such as e-mails and a staff attorney must spend valuable time reading electronic records for relevance to the public request.

Governor's Budget. The Governor's Budget proposes \$492,000 (\$198,000 on-going) from various special funds for one permanent position to respond to public records and litigation requests. Also, of these funds \$300,000 would be used for software that would catalog electronic records, including e-mails, for easier searches of relevant materials.

Staff Recommendation. Staff recommends the Subcommittee approve the budget proposal.

9. Watershed Coordinator Grant Program – Proposition 50

Background. The Watershed Coordinator Grant Program provides local assistance grants to Resource Conservation Districts for protection and restoration of watersheds. The program aims to bring together environmental groups, agricultural landowners, and local governments in projects that benefit water quality, stream restoration and fire safety.

Governor's Budget. The Governor's Budget proposes \$10.15 million in Proposition 50 (The Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002) bond funds for local assistance grants and an extension of two limited-term positions. The \$9 million for local assistance grant funds would be divided as follows:

- \$1 million in year one
- \$3 million in year two
- \$3 million in year three
- \$2 million in year four

Staff Analysis. These are local assistance funds to provide technical assistance to local governments when the local governments apply for grants. Local assistance funding for this kind of program should be provided in one year increments, rather than for four years, so that the Legislature can maintain oversight of the program's success.

Staff Recommendation. Staff recommends the Subcommittee fund the proposal for \$1 million for the first year.

10. Agricultural Land Conservation – Prop 84 Planning Grants and Planning Incentives

Background. Agricultural conservation easements are a payment to a landowner for a change in the land title regulating the land-use type. The easement cannot be lifted even if the property is sold, and thus the land is protected for agricultural use in perpetuity. Placing an agricultural easement on a property lowers the property taxes the land owner must pay. The DOC provides grant funding for non-profits and local governments to purchase agricultural conservation easements from willing sellers. To date, DOC has administered over \$70 million in previously appropriated bond funds for grants to purchase agricultural conservation easements.

Proposition 84 Section 75065(c) identifies \$90 million for planning grants and planning incentives to encourage the development of regional and local land use plans designed to promote a number of conservation objectives, including the protection of natural resources and agricultural lands. The bond does not identify which department will administer these grants and incentives.

Governor's Budget. The Governor's Budget proposes \$10 million in Proposition 84 bond funds (Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006). The funds would be used for local assistance grants and one limited-term position for program delivery.

The DOC would utilize the grant funds for:

- The development of agricultural conservation easements that also include wildlife habitat benefits and management practices.
- Planning grants for local governments to develop and implement agricultural land conversion mitigation programs to address the ongoing loss of farmland within their jurisdictions.

Staff Recommendation. Due to direction from the Budget Chair to hold all November 2006 voter approved bond funds open until policy committees hold oversight hearings, staff recommends the Subcommittee hold this item open.

11. Implementation of AB 3056

Background. AB 3056 (Chapter 907, Statutes of 2006) makes a number of changes to the beverage container recycling program. These changes include:

- Extends the program sunset date from January 1, 2007 to January 1, 2012.
- Increases the annual market development and expansion grants from \$10 million to \$20 million.
- Adds plastic and aluminum containers to the quality incentive payments program (glass already included).
- Appropriates \$15 million annually for program payments. Authorizes payment of up to \$60 per ton for glass, \$180 per ton for plastic, and \$125 per ton for aluminum meeting all specified criteria.
- Establishes a Plastic Market Development Program authorizing up to \$5 million annually to certified entities and product manufacturers for empty plastic beverage containers collected and either recycled or used in manufacturing.
- Establishes a Recycling Incentive Payment Program authorizing up to \$10 million annually to eligible recycling centers and drop-off or collection programs.
- Requires the DOC to conduct a cost survey during 2007 and every two years thereafter to determine future handling fee payments.
- Authorizes up to \$20 million during FY 2007-08 in competitive grants issued to community conservation corps designated by a city or county.
- Reduces the processing fee paid by beverage manufacturers to zero for any container type with a recycling rate of 40 percent or greater.
- Increases distributor redemption payment withholding for administrative costs from 1 percent to 1.5 percent.
- Authorizes up to \$5 million for expenditures until January 1, 2008 for a public education and information campaign aimed at promoting increased recycling of beverage containers.

Currently, of the approximately 20 billion beverages with CRV currently sold in California, about 12 billion are redeemed. This is approximately a 60 percent recycling rate. Prior legislation, the California Beverage Container Recycling and Litter Reduction Act (AB 2020, Margolin, Statutes of 1986), sets an objective of 80 percent recycling rate for beverage containers.

Governor's Budget. The Governor's Budget proposes \$3,357,000 (\$2,146,000 on-going) from the California Beverage Container Recycling Fund for 19 permanent positions and 4 one-year limited-term positions. These funds would be used for implementing AB 3056 (Chapter 907, Statutes of 2006).

Staff Recommendation. Staff recommends the Subcommittee hold this item open.

12. Comprehensive Recycling Community Project

Background. The Comprehensive Recycling Community Project is a new pilot project that intends to increase beverage container recycling by fifty percent in targeted

communities. This pilot project aims to develop strategies that can be applied to other communities to increase recycling. This pilot project will select four cities and work with the local governments to implement strategies. The goal is to achieve an 80 percent recycling rate.

Governor's Budget. The Governor's Budget proposes \$1,972,000 (\$423,000 on-going) from the California Beverage Container Recycling Fund for four permanent positions and implementation costs for the Comprehensive Recycling Community Project.

Staff Analysis. AB 3056 (Chapter 907, Statutes of 2006) aims to greatly increase recycling incentives in communities. The provisions of AB 3056 have not yet been implemented, and thus the effectiveness of its measures is not yet clear. The Legislature should wait to observe the effectiveness of AB 3056 prior to undertaking more efforts to increase the recycling rate.

Staff Recommendation. Staff recommends the Subcommittee reject the budget proposal.

13. Sustainable Communities – California Green Cities

Background. The Department of Conservation is proposing to establish a Green City Partnership Initiative. This initiative would provide grants to cities and regions for the development of comprehensive plans that take into account multiple land use, environmental quality, and economic development issues leading to the establishment of sustainable "Green" communities.

The DOC would utilize these funds to provide greater access to integrated spatial planning and natural resource maps and data on-line, allowing cities and counties that perform infrastructure and land use planning to reduce planning costs and more easily comply with state and federal environmental laws and regulations.

In addition to data and mapping, the DOC would provide local assistance grants for programmatic plans. These local programmatic plans would provide added local planning direction, including provisions calling for increased housing densities, limitations on housing in agricultural and open space lands, identification of habitat and open space lands for protection, identification of a 20-year land supply to meet expected growth pressures over that period, limitations on the number of large residential lots, and restrictions calling for new urban development to be adjacent to existing urban development.

Proposition 84 Section 75065(c) identifies \$90 million for planning grants and planning incentives to encourage the development of regional and local land use plans designed to promote water conservation, reduce automobile use and fuel consumption, encourage greater infill and compact development, protect natural resources and agricultural lands,

and revitalize urban and community centers. The bond does not identify which department will administer these grants and incentives.

The Department of Conservation envisions the Green City Partnership Initiative as an eight-year program with \$56 million in mapping and grants assistance to local communities.

Governor's Budget. The Governor's Budget proposes \$10.4 million from Proposition 84 (Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006) bond funds for mapping, local assistance grants and three limited-term positions for program delivery.

The funds would be divided as follows:

- \$4 million for mapping of integrated natural resources data for state and regional land use decision-making.
- \$6 million in local assistance grants for programmatic plans for additional guidance to promote sustainable, pro-environment policies and goals in local planning.
- \$400,000 for three limited-term positions for program delivery.

Staff Analysis. This type of land use planning effort would be a new mission for the Department of Conservation. The administration has not put forward a "California Green Cities" initiative that would allow the department to undertake this type of new mission. The administration also has not defined what is involved in the vision of a "Green" community.

The department has informed staff that program guidelines as well as the definition of a "Green" community would be developed after the Legislature appropriates funds for this program. However, waiting for program guidelines until after the full program appropriation has been made greatly reduces Legislative oversight. A completely new undertaking for the state such as this Green City Partnership Initiative should have greater Legislative control in order to ensure that the program develops guidelines and direction consistent with Legislative and voter intent.

Staff Recommendation. Staff recommends the Subcommittee hold this item open until the administration submits trailer bill language allowing a new mission for the Department of Conservation or upon approval of a policy bill that establishes this program within the department.

3560 State Lands Commission

Background. The State Lands Commission (SLC) is responsible for the management of lands that the state has received from the federal government. These lands total more than four million acres and include tide and submerged lands, swamp and overflow lands, the beds of navigable waterways, and vacant state school lands.

Governor's Budget. The Governor's budget proposes \$28 million to support SLC in 2007-08. This is about the same as current year estimated expenditures.

Summary of Expenditures				
<i>(dollars in thousands)</i>	2006-07	2007-08	\$ Change	% Change
Type of Expenditure				
Mineral Resource Management	\$ 9,831	\$ 8,161	-\$1,670	-16.9
Land Management	9,620	9,547	-73	-0.8
Marine Facilities Division	9,441	10,902	1,461	15.5
Administration	3,516	3,456	-60	-1.7
<i>less distributed administration</i>	-3,516	-3,456	60	-1.7
Total	\$ 28,892	\$ 28,610	-\$282	-1.0
Funding Source				
General Fund	\$ 10,292	\$ 10,213	-\$79	-0.8
Special Funds	14,639	14,408	-231	-1.6
Bond Funds	0	0	0	
<i>Budget Act Total</i>	<i>24,931</i>	<i>24,621</i>	<i>-310</i>	<i>-1.2</i>
Reimbursements	3,532	3,554	22	0.6
Land Bank Fund	429	435	6	1.4
Total	\$ 28,892	\$ 28,610	-\$282	-1.0

Vote-Only Items

1. Selby Slag Remediation

Background. The SLC is part of a 1989 Consent Judgment that requires remediation of extensive heavy metal contamination on a 66-acre site in Selby, California, just west of the Carquinez Bridge. Between 1985 and 1970, a lead, gold, and copper smelter operated

on the site. Beginning in the late 1940s, the state negotiated leases of tidelands to the American Smelting and Refining Company and its predecessors that directed placement of remnant smelter slag onto and into state-owned land.

The American Smelting and Refining Company and SLC were sued in 1983 to allocate liability for cleanup costs at the site, which lead to the 1989 Consent Judgment. According to the Consent Judgment, the state is responsible for one-third of the remediation costs for the site. \$8.7 million has been allocated since 1988 for the state's share of clean up at the site. Ongoing water quality monitoring indicates that de-acidification interim remedial measures that were conducted previously at the site have not completely remedied the problem.

Governor's Budget. The Governor's Budget proposes \$1,178,750 in General Fund to fund the state's portion of remediation work at the state-owned land in Selby. These funds will be used to fund acid area remediation and water quality monitoring, which are remedies proposed by the Department of Toxic Substances Control.

Staff Recommendation. Staff recommends that the Subcommittee approve the budget proposal.

2. Ballast Water Inspection Workforce

Background. The Marine Invasive Species Act of 2003 (Chapter 491, Statutes of 2003), directs the SLC to inspect 25 percent of vessels with qualifying voyages for compliance with ballast water management requirements. Ballast water is the sea water vessels pick up for stability when they are not carrying cargo. This water can contain organisms, such as plants, that can be invasive and destructive to the California coastal habitat. With current staffing of five inspectors, SLC is inspecting about 14 percent of all vessels with qualifying voyages. To cover the cost of inspections, the Marine Invasive Species Act allows the SLC to charge a fee of up to \$1,000 from each qualifying vessel. Currently the fee is set at \$500.

Governor's Budget. The Governor's Budget proposes \$608,000 from the Marine Invasive Species Control Fund for an additional five positions to inspect vessels with qualifying voyages for compliance with ballast water management requirements.

Staff Recommendation. Staff recommends the Subcommittee approve the budget proposal.

3. Marine Oil Terminal Inspectors

Background. The Marine Oil Terminal Engineering and Maintenance Standards (MOTEMS) became a regulatory requirement of the California Building Code in February 2006. SLC is in charge of completing engineering audits of California's Marine Oil Terminals. There are over 40 marine oil terminals in California for which engineering inspections will be completed. These engineering audits contain extensive inspection criteria and require engineering analyses to determine the structural, mooring, and berthing capacity as well as the fitness-for-purpose of each terminal. The operator of the marine oil terminal is responsible for any repairs that the SLC inspectors find are necessary for safe operation.

Governor's Budget. The Governor's Budget proposes \$702,000 from the Oil Spill Prevention and Administration Fund for four new positions to implement MOTEMS inspections. These proposed positions are:

- 2.0 engineers to assist terminal operators with the mandatory MOTEMS audit process and rehabilitation
- 1.0 engineer to keep MOTEMS standards current and updated and assist in updating the Oil Spill Prevention database
- 1.0 research analyst to document, follow-up and keep track of all MOTEMS related activities

Staff Recommendation. Staff recommends the Subcommittee approve the budget proposal.

3640 Wildlife Conservation Board

Background. The Wildlife Conservation Board (WCB) acquires property in order to protect and preserve wildlife and provide fishing, hunting, and recreational access facilities. The WCB is an independent board in the Department of Fish and Game and is composed of the Director of the Department of Fish and Game, the Director of the Department of Finance, and the Chairman of the Fish and Game Commission. In addition, three members of the Senate and three members of the Assembly serve in an advisory capacity to the board.

Governor's Budget. The Governor's Budget proposes \$155 million to support the WCB in 2007-08 year. This is over a 72 percent reduction from estimated expenditures in the current year due to the current year reflecting many acquisition projects for which the funds were appropriated in prior years but expended in 2006-07. General Fund support for the board increased by slightly less than 9 percent in the budget year.

Summary of Expenditures				
<i>(dollars in thousands)</i>	2006-07	2007-08	\$ Change	% Change
Type of Expenditure				
State Operations	\$ 3,933	\$ 4,281	\$ 348	8.8
Capital Outlay	563,457	151,533	-411,924	-73.1
Total	\$ 567,390	\$ 155,814	-\$411,576	-72.5
Funding Source				
General Fund	\$ 5,201	\$ 16,149	\$ 10,948	210.5
Special Funds	-7,266	3,058	10,324	-142.1
Bond Funds	557,128	135,607	-421,521	-75.6
<i>Total Budget Act</i>	<i>\$555,063</i>	<i>\$154,814</i>	<i>-\$400,249</i>	<i>-72.1</i>
Reimbursements	8,226	1,000	-7,226	-87.8
Oak Woodlands Conservation Fund	4,160	0	4,160	100.0
Total	\$ 567,449	\$ 155,814	-\$403,315	-72.1

Vote-Only Items

1. Funding for Public Access Program

Background. The Wildlife Conservation Board is involved in acquiring, conserving, developing, improving and providing access to natural resources to accommodate the needs of the public in sports fishing and other outdoor pursuits. The WCB constructs fishing piers and develops fishing access sites at lakes, on the ocean, and along the state's waterways and aqueducts. In addition to fishing piers, WCB has developed boat launching ramps and access trails. The majority of the projects undertaken have been minor capital outlay projects under \$500,000 in cost per project. Once the project has been constructed, local governments are in charge of operating and maintaining the infrastructure at no cost to the state.

Governor's Budget. The Governor's Budget proposes \$1 million from the Wildlife Restoration Fund for minor capital outlay projects.

Staff Recommendation. Staff recommends the Subcommittee approve the budget proposal.

Items for Discussion

2. Funding for Rangeland, Grazing Land and Grassland Protection Program

Background. The Rangeland, Grazing Land and Grassland Protection Act of 2002 (Chapter 984, Statutes of 2002) designated the Wildlife Conservation Board as the lead agency to protect rangeland, grazing land, and grasslands through the purchase of conservation easements. WCB has identified approximately 600,000 acres of important rangeland and grassland for protection. To date, the WCB has acquired conservation easements on nearly 36,000 acres of rangeland, grazing land and grasslands.

Proposition 84 (Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Act of 2006) Chapter 6, Section 75055 (d) (1), provides \$15 million for the implementation of the Rangeland, Grazing Land and Grassland Protection Act of 2002.

Governor's Budget. The Governor's Budget proposes \$14,293,000 in Proposition 84 Bond funds for the Rangeland, Grazing Land, and Grassland Protection Program.

Staff Recommendation. Due to direction from the Budget Chair to hold all November 2006 voter approved bond funds open until policy committees hold oversight hearings, staff recommends the Subcommittee hold this item open.

3. Funding for Oak Woodland Preservation

Background. The Oak Woodland Preservation program is intended to support and encourage long-term private stewardship and conservation of oak woodlands; provide incentives to private farming and ranching operations to protect oak woodlands; provide incentives for the protection of oak trees that provide superior wildlife values; encourage local land use planning that preserves oak woodlands; and provide assistance to local government entities; park and open space districts for the development and implementation of oak conservation elements in local general plans.

The Oak Woodland Conservation Act (Chapter 588, Statutes of 2001) allows up to 20 percent of grant funds to be spent on public education and outreach efforts and assistance to local governmental entities for the development of oak conservation elements in local general plans. The remaining 80 percent of the funds appropriated must be spent on capital outlay.

To date, the Wildlife Conservation Board has approved funding to preserve 282,000 acres of oak woodlands.

Proposition 84, Chapter 6, Section 75055 (d) (2) provides \$15 million for the preservation of oak woodlands.

Governor's Budget. The Governor's Budget proposes \$14,293,000 in Proposition 84 bond funds for Oak Woodlands Conservation Program.

Staff Recommendation. Due to direction from the Budget Chair to hold all November 2006 voter approved bond funds open until policy committees hold oversight hearings, staff recommends the Subcommittee hold this item open.

4. Natural Communities Conservation Planning Implementation – Proposition 84

Background. The Natural Community Conservation Planning Act of 1991 started the Natural Communities Conservation Planning (NCCP) program. The objective of the NCCP program is to conserve natural communities at the ecosystem scale while accommodating compatible land use. The NCCP is a plan for the conservation of natural communities that takes an ecosystem approach and encourages cooperation between

private and government interests. The plan identifies and provides for the regional or area-wide protection and perpetuation of plants, animals, and their habitats, while allowing compatible land use and economic activity.

Governor's Budget. The Governor's Budget proposes \$25 million in Proposition 84 bond funds for the Natural Communities Conservation Planning program.

Staff Recommendation. Due to direction from the Budget Chair to hold all November 2006 voter approved bond funds open until policy committees hold oversight hearings, staff recommends the Subcommittee hold this item open.

5. Program Delivery – Proposition 84

Background. The Wildlife Conservation Board is requesting funding to support existing Board staff that will be assigned to and working on the Proposition 84 funded projects.

Governor's Budget. The Governor's Budget proposes \$776,000 in Proposition 84 (Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Act of 2006) bond funds to fund:

- Five existing positions reassigned to Proposition 84 projects
- Two new positions at the Wildlife Conservation Board
- One new position at the Department of Fish and Game

Questions.

1. What "resource shifts" does the Wildlife Conservation Board anticipate having to make to meet its program delivery needs under Proposition 84?
2. Why is the Department of Fish and Game employee requested through a Wildlife Conservation Board budget?

Staff Recommendation. Due to direction from the Budget Chair to hold all November 2006 voter approved bond funds open until policy committees hold oversight hearings, staff recommends the Subcommittee hold this item open.

6. Integrating Agricultural Activities with Ecosystem Restoration and Wildlife Protection

Background. California contains some of the most valuable agricultural land in the world. Each year agricultural land is lost to development since that development is more financially profitable than farming. Conservation measures that are designed to reward and encourage the integration of working farmlands and the natural ecosystem provide an opportunity to meet critical life cycle needs of many wildlife species. The cost of

implementing such natural ecosystem practices to farming operations are frequently prohibitive for many farmers.

Proposition 84 (Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Act of 2006) Chapter 6, Section 75055 (d) (4) authorizes \$5 million for grants to assist farmers in integrating agricultural activities with ecosystem restoration and wildlife protection.

Governor's Budget. The Governor's Budget proposes \$4,762,000 in Proposition 84 bond funds for grants to assist farmers in integrating agricultural activities with ecosystem restoration and wildlife protection.

Staff Analysis. The Wildlife Conservation Board would provide for 10 years of contract protection to the restored land. However, bond funded projects are repaid from the General Fund for 30 years. Bond funded projects should have endurance matching the payback period.

Staff Recommendation. Due to direction from the Budget Chair to hold all November 2006 voter approved bond funds open until policy committees hold oversight hearings, staff recommends the Subcommittee hold this item open.

3780 Native American Heritage Commission

Background. The Native American Heritage Commission (NAHC) preserves and protects California Native American cultures. The commission's powers and duties include identifying and cataloging important geographic sites, helping Native Americans gain access to these sites, protecting burial and sacred sites, and ensuring that remains are treated appropriately. The commission also works to mitigate the negative impacts of development on the state's Native American cultural resources.

Governor's Budget. The Governor's budget proposes \$775,000 to support the NAHC in 2007-08. This is the same level of expenditures as estimated in the current year.

Summary of Expenditures				
<i>(dollars in thousands)</i>	2006-07	2007-08	\$ Change	% Change
Type of Expenditure				
Native American Heritage	\$775	\$775	\$0	0
Total	\$775	\$775	\$0	0
Funding Source				
General Fund	\$770	\$770	\$0	0
<i>Budget Act Total</i>	<i>770</i>	<i>770</i>	<i>0</i>	<i>0</i>
Reimbursements	5	5	0	0
Total	\$775	\$775	\$0	0

1. Implementation of Recent Mandates – Informational Issue

Background. Legislation (SB 18) was enacted in 2004 to require that every city and county planning agency consult with California Native American tribes during preparation or amendment of a general plan. Local governments contact the NAHC to help in making the connection between the relevant tribes and local government officials.

Legislation (AB 978) enacted in 2001 establishes a process for repatriating Native American human remains and cultural items that are in the possession of any state or local agency or museum that receives state funds. The legislation also created a Commission to mediate disputes and impose civil penalties.

Implementation Status. Staff understands that the Commission created under AB 978 has been appointed, but that rules and regulations have not been developed and there has been little to no activity by the Commission thus far.

Questions.

- What is the status of implementation of SB 18?
- What is the estimated compliance rate of local governments for implementing SB 18?
- What is the current status of the Repatriation Commission established by AB 978?
- Have any remains or sacred objects been repatriated under this legislation?
- What is the current funding for implementation of both these programs?

Staff Recommendation. Informational issue. Staff has no recommendation for action.

3790 Department of Parks and Recreation

Background. The Department of Parks and Recreation (DPR) acquires, develops, and manages the natural, cultural, and recreational resources in the state park system and the off-highway vehicle trail system. In addition, the department administers state and federal grants to local entities that help provide parks and open-space areas throughout the state.

The state park system consists of 277 units, including 31 units administered by local and regional agencies. The system contains approximately 1.4 million acres, which includes 3,800 miles of trails, 300 miles of coastline, 800 miles of lake and river frontage, and about 14,800 campsites. Over 80 million visitors travel to state parks each year.

Summary of Expenditures				
<i>(dollars in thousands)</i>	2006-07	2007-08	\$ Change	% Change
Type of Expenditure				
Support of the Department of Parks and Recreation	\$ 466,148	\$ 382,490	-\$83,658	-17.9
Local Assistance Grants	93,458	44,279	-49,179	-52.6
Capital Outlay	169,174	67,011	-102,163	-60.4
Total	\$ 728,780	\$ 493,780	-235,000	-32.2
Funding Source				
General Fund	\$ 231,630	\$ 150,359	-81,271	-35.1
Special Funds	233,056	202,950	-30,106	-12.9
Bond Funds	139,291	69,403	-69,888	-50.2
<i>Budget Act Total</i>	<i>\$ 603,977</i>	<i>\$422,712</i>	<i>\$-181,265</i>	<i>-30</i>
Federal Trust Fund	77,633	27,241	-50,392	-64.9
Reimbursements	46,136	43,013	-3,123	-6.4
Harbors and Watercraft Revolving Fund	747	814	67	8.9
California Missions Foundation Fund	289	0	-289	-100
Total	\$ 728,782	\$ 493,780	\$-235,002	-32.2

Vote-Only Items

1. Empire Mine

Background. Empire Mine State Historic Park is the site of one of the oldest and longest-running gold mines in California. Closed in 1956, the mine contains approximately 367 miles of abandoned and flooded mine shafts. The mining operations left the land contaminated with various dangerous chemicals, including arsenic, cyanide, mercury, thallium, manganese, and iron. The Empire State Historic Park covers 850 acres of land.

As the owner of the Empire Mine lands, the Department of Parks and Recreation was sued for alleged violations of the Federal Clean Water Act. The lawsuit was settled on January 13, 2006 through a consent decree in federal court. The consent decree requires California State Parks and Recreation to immediately implement corrective measures to mitigate the impacts from toxic soils and contaminated surface water discharges to the local watershed.

In addition to the federal court consent decree, the Department of Parks and Recreation is facing the following violation orders:

- An Imminent and Substantial Endangerment Determination and Consent Order issued by the Department of Toxics and Substances Control on January 27, 2006.
- An order issued by the Regional Water Quality Control Board under California Water Code section 13267 (Order to Submit Technical Reports and Industrial Storm Water General Permit Order 97-03-DWQ) on December 17, 2004.

Past Appropriations and Actions. In FY 2005-06, the Legislature appropriated \$500,000 for studies to determine the presence of contaminants, prepare a cumulative human health risk assessment, prepare storm water pollution prevention plans, and provide a final summary report of all the activities and appropriate implementation processes to address these actions.

In FY 2006-07, the Legislature appropriated \$5 million for Phase I interim corrective measures at the Empire Mine State Historic Park.

Governor's Budget. The Governor's Budget proposes \$4.1 million General Fund for remediation and treatment measures at Empire Mine. These funds would be for Phase II of a multi-year plan to remediate the site.

Staff Recommendation. Staff recommends the Subcommittee approve the budget proposal.

2. Concessions Program

Background. The Department of Parks and Recreation contracts with vendors to provide certain services at state parks. These vendors pay the state to operate in state parks. The department collects approximately \$11 million in revenue annually from concessions contracts.

Governor's Budget. The Governor's Budget proposes to approve the following concessions and operating agreements:

- Old Town San Diego state historic park
- Folsom Lake
- Millerton Lake
- San Luis Reservoir
- Salton Sea state recreation areas
- Kings Beach state recreation area

Staff Recommendation. Staff recommends the Subcommittee approve the budget proposal.

3. Completed Development Projects – Prairie City SVRA

Background. The Prairie City State Vehicular Recreation Area (SVRA) is located near Sacramento. The park covers 1050 acres and offers off highway vehicle recreational opportunities to visitors from around the state. The park currently receives about 200,000 visitors a year.

Additions to the Prairie City SVRA tracks have recently been completed. These additions include a short racing track, Pit Bike racing facility, improvements to the Hangtown National Motocross track, an environmental training center, and picnic tables.

Governor's Budget. The Governor's Budget proposes \$840,000 (\$589,000 on-going) from the Off-Highway Vehicle Fund for 7 new positions to maintain and operate the enlarged Prairie City SVRA.

Staff Recommendation. Staff recommends the Subcommittee approve the budget proposal.

4. OHV Program Restoration Funding

Background. AB 2274 (Keeley and Wyland) Chapter 563, Statutes of 2002, required that fuel tax revenue attributable to off-highway vehicles would be divided by placing 100 percent of the tax attributable to unregistered off-highway vehicles to the Conservation and Enforcement Services Account (CESA) and 100 percent of the tax attributable to registered off-highway vehicles to the Off-Highway Vehicle Trust Fund. AB 2274 also required that 30 percent of the funds in the Off-Highway Vehicle Trust Fund be used for restoration of lands where OHV use had taken place.

AB 2274 defined “restoration” as: upon closure of the unit or any portion thereof, the restoration of land to the contours, the plant communities, and the plant covers comparable to those on surrounding lands or at least those that existed prior to off-highway motor vehicle use.

Governor’s Budget. The Governor’s Budget proposes \$1,711,000 in one-time funds from the Off-Highway Vehicle Trust Fund to restore areas affected by non-authorized off-highway vehicle activities.

Staff Recommendation. Staff recommends the Subcommittee approve the budget proposal.

Items for Discussion

5. Deferred Maintenance Program

Background. The Department of Parks and Recreation (Parks) has an estimated \$900 million backlog of deferred maintenance. In 2006-07, the Legislature appropriated \$250 million General Fund to the Department of Parks and Recreation. The Governor’s Budget proposes to revert \$160 million of that General Fund appropriation. The Department of Parks and Recreation needs staff to implement the \$90 million in deferred maintenance it still has left. Parks states that it needs 41 positions, of which it has already filled 35.

Governor’s Budget. The Governor’s Budget proposes to make permanent 41 administratively created maintenance positions at the Department of Parks and Recreation. The total cost of the positions would be approximately \$13 million out of the \$90 million General Fund.

Staff Recommendation. Hold open until Subcommittee determines whether to give Parks bond money for deferred maintenance.

6. Local Assistance Program

Background. The Department of Parks and Recreation provides various grants to cities, counties, non-profit organizations, regional park districts, local park districts, museums, aquariums, zoos, and other public utility or community service districts. These local assistance grants are used for capital projects, including acquisition of real property, development, and rehabilitation. Grants from the Off-Highway Vehicle account are given away by the Off-Highway Motor Vehicle Recreation Commission.

In 2004, the State Auditor’s Office audited the Department of Parks and Recreation for their use of OHV funds. The State Auditor found inappropriate use of Off-Highway Motor Vehicle Recreation Commission funds by Parks. The State Auditor found that “based on a questionable

legal interpretation and inadequately supported cost estimates, the department is using Off-Highway Trust Fund money—\$3.6 million during fiscal year 2003-04—to support state parks that do not have OHV recreation”.

Currently proposed legislation, SB 742 (Steinberg), would change how the funds from the Off-Highway Vehicle Trust Fund are used.

The Off-Highway Motor Vehicle Recreation Commission is sun-setting in 2008.

Governor’s Budget. The Governor’s Budget proposes \$39,279,000 from numerous special funds for local assistance grants. The grants are from the following accounts:

- \$5,379,000 from the Habitat Conservation Fund
- \$18,000,000 from the Off-Highway Vehicle Trust Fund
- \$9,700,000 from the Recreational Trails Fund
- \$6,200,000 from the Federal Trust Fund

Staff Recommendation. Staff recommends the Subcommittee hold this item open.

7. Funding for the Museum of Tolerance

Background. The Museum of Tolerance is located in the Simon Wiesenthal Center in Los Angeles. The Museum was founded in 1993 and challenges visitors to confront bigotry and racism and to understand the Holocaust. The Museum hosts approximately 350,000 visitors annually. Programs offered by the Museum include Tools for Tolerance, Tools for Tolerance for Teens, Teaching Steps to Tolerance, Task Force Against Hate, and the National Institute Against Hate Crimes.

Governor’s Budget. The Governor’s Budget proposes \$5 million General Fund for an expansion of the Museum of Tolerance. The expansion would create 10,000 square feet Inter-Dependence Culture Center in the Museum. The new Center will consist of open space, a gift shop, lobby area, café, storage area and indoor assembly area.

Staff Recommendation. Staff recommends the Subcommittee hold this item open and direct staff to research if changing the funding source for the \$5 million from General Fund to Proposition 84 Department of Parks and Recreation Local Assistance bond funds would be possible.

8. Proposition 84 Planning, Administration for State Park System Allocation

Background. Proposition 84 provides \$400 million in general obligation bond funds to the Department of Parks and Recreation.

Governor's Budget. The Governor's Budget proposes \$5,206,000 in Proposition 84 bond funds for 57.9 new positions to administer the Proposition 84 bond.

Staff Recommendation. Due to direction from the Budget Chair to hold all November 2006 voter approved bond funds open until policy committees hold oversight hearings, staff recommends the Subcommittee hold this item open.

9. Proposition 84 Program Delivery for Local Grant Programs

Background. Parks and Recreation has for a long time administered grants from bond funds to local governments and non-profits for park development. Proposition 84 provides two funding sources for the Department of Parks and Recreation to use as local assistance:

- \$400 million in Chapter 9, Section 75065 (b) for local and regional parks
- \$100 million in Chapter 8, Section 75063 (b) for nature education and research facilities

Proposition 84 also includes \$90 million in urban greening funds, of which \$70 million is not designated to any particular department. The Department of Parks and Recreation wants to administer that \$70 million for local assistance grants.

Governor's Budget. The Governor's Budget proposes \$1.37 million in Proposition 84 bond funds for 10.2 new positions to administer parks Proposition 84 bond grants.

Staff Analysis. The Subcommittee should wait for the policy committee to announce a policy for the use of the \$70 million in urban greening funds.

Staff Recommendation. Due to direction from the Budget Chair to hold all November 2006 voter approved bond funds open until policy committees hold oversight hearings, staff recommends the Subcommittee hold this item open.

10. Reappropriation of City of Oroville Grant

Background. The City of Oroville received a \$3 million grant in Proposition 40 bond funds in 2002.

Proposed Language:

3791-490 – Extension of Liquidation Period, Department of Parks and Recreation

The balance of the appropriation provided in the following citation is re-appropriated for the purpose and subject to the limitations, unless otherwise specified, provided for in the following appropriation and shall be available for liquidation of encumbrances until December 31, 2008.

6029 – California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund.

Chapter 1126, Statutes of 2002

Sec.2.(b) Historical and Cultural Resources Preservation Opportunity Grant Program

Provisions:

1. The re-appropriation is limited to the \$3,000,000 grant to the City of Oroville.

Staff Recommendation. Staff recommends the Subcommittee approve the reappropriation.

11. Balance in State Parks Recreation Fund – Informational Item

Background. The State Parks Recreation Fund will have a balance of \$56,000 at the end of the budget year. The fund expends approximately \$120 million a year. Any shortfalls in the SPRF will have to be covered with General Fund.

Questions:

1. What would the department need to do to reduce parks expenditures out of the State Parks Recreation Fund?
2. What steps, other than raising park fees, has the department considered to bring a healthier balance to the SPRF?
3. Can the department have counties or non-profit organizations purchase some of its parks to save costs but preserve parks for public use?

12. Boating and Waterways Funds

Background. The Department of Parks and Recreation has been receiving appropriations from the Harbors and Watercraft Revolving Fund. The proposed 2007-08 budget would provide \$26,649,000 to the department from the Harbors and Watercraft Revolving Fund.

The Department of Boating and Waterways is also funded out of the Harbors and Watercraft Revolving Fund. The Department of Boating and Waterways has argued that due to the fact that

the monies in the account come from boaters and that there is a need to replace aging infrastructure they should receive the funds that the Department of Parks and Recreation is currently receiving.

The Harbors and Watercraft Revolving Fund receives money from:

- Annual appropriation from the Motor Vehicle Fuel Account from taxes imposed on distribution of fuel to propel vessels.
- Vessel registration fees.
- Fees received from the licensing of yacht and ship brokers and salesmen.

Current Law. The California statute Harbors and Navigation Code, Section 85.2 (b) (1) states:

The money in the fund shall also be available, upon appropriation by the Legislature, to the Department of Parks and Recreation for the operation and maintenance of units of the state park system that have boating-related activities. Funds appropriated to the Department of Parks and Recreation may also be used for boating safety and enforcement programs for waters under its jurisdiction.

Harbors and Navigation Code, Section 85.2 (b) (2), also states that:

The Department of Parks and Recreation shall submit to the Legislature, on or before January 1 of each year, a report describing the allocation and expenditure of funds made available to the Department of Parks and Recreation from the Harbors and Watercraft Revolving Fund and from the Motor Vehicle Fuel Account in the Transportation Tax Fund attributable to taxes imposed on the distribution of motor vehicle fuel used or usable in propelling vessels during the previous fiscal year.

Questions:

1. How many boating activity related parks does the department manage?
2. On what does the department spend the \$27 million received from the Harbors and Watercraft Revolving Fund?
3. What services would the department have to eliminate if it were to lose the \$27 million it currently receives from the Harbors and Watercraft Revolving Fund?
4. Did the department submit the required report to the Legislature on January 1, 2007?

3720 California Coastal Commission

Background. The California Coastal Commission, following its initial creation in 1972 by a voter initiative, was permanently established by the State Coastal Act of 1976. In general, the act seeks to protect the state's natural and scenic resources along California's coast. It also delineates a "coastal zone" running the length of California's coast, extending seaward to the state's territorial limit of three miles, and extending inland a varying width from 1,000 yards to several miles. The commission's primary responsibility is to implement the act's provisions. It is also the state's planning and management agency for the coastal zone. The commission's jurisdiction does not include the San Francisco Bay Area, where development is regulated by the San Francisco Bay Conservation and Development Commission.

Governor's Budget. The Governor's budget proposes a total of \$17 million to support the Coastal Commission in 2007-08. This is approximately the same level as estimated expenditures in the current year.

Summary of Expenditures				
<i>(dollars in thousands)</i>	2006-07	2007-08	\$ Change	% Change
Type of Expenditure				
Coastal Management Program	\$ 16,337	\$ 16,090	-\$247	-1.5
Coastal Energy Program	763	860	97	12.7
Administration	1,739	1,751	12	0.7
<i>less distributed administration</i>	-1,658	-1,651	7	-0.4
Total	\$ 17,181	\$ 17,050	-131	-0.8
Funding Source				
General Fund	\$ 11,460	\$ 11,351	-109	-0.9
Special Funds	1,333	1,298	-35	-2.6
<i>Budget Act Total</i>	<i>12,793</i>	<i>12,649</i>	<i>-144</i>	<i>-1.1</i>
Federal Trust Fund	3,052	2,910	-142	-4.6
Reimbursements	1,337	1,491	154	11.5
Total	\$ 17,182	\$ 17,050	-132	-0.8

1. Coastal and Marine Education Whale Tail License Plate Program

Background. The Whale Tail License Plate sales revenues are deposited into the Coastal Beaches and Coastal Enhancement Account fund for the purposes of beach cleanup, educational outreach, and maintaining public beaches. The Coastal Commission is supposed to receive 75 percent of the funds from the Whale Tail License Plate sales. The California Coastal Commission provides grants to non-profits and government agencies to provide education outreach in the community regarding coastal environments and protection.

Governor's Budget. The Governor's Budget proposes \$252,000 in Coastal Beaches and Coastal Enhancement Account funds for a one-time augmentation to the Coastal Commissions budget.

Staff Recommendation. Staff recommends the Subcommittee approve the budget proposal.

Informational Items

1. Enforcement – Informational Item

Background. The Coastal Conservancy was established by the California Coastal Act. The Act's basic goals were to:

- Protect, maintain, enhance, and restore the overall quality of the coastal zone environment and its natural and artificial resources.
- Maximize public access and public recreational opportunities in the coastal zone consistent with sound resources, conservation principles, and constitutionally protected rights of private property owners.
- Assure priority for coastal-dependent and coastal-related development over other development on the coast.

The Coastal Commission issues permits for coastal development, except when a local government has a local coastal plan in place, the local government then issues the permits. However, the local coastal plan does not allow the local government to conduct enforcement of the plan. The Coastal Commission's enforcement program addresses violations of permits and unpermitted development.

The Coastal Commission receives reports of violations for private citizens. The number of open cases the Coastal Commission has exceeded 1,000 in 2006. With all these cases, the Coastal Commission only has three enforcement agents and no staff to enforce the Northern California coastline at all.

Questions:

1. What is the impact of development in violation of permits or without permits on the coast?
2. What kinds of enforcement efforts do the districts conduct?
3. What action does the Coastal Conservancy take once a permit violation is reported?
4. What is the statute of limitations on a permit violation? What is the penalty amount?

2. Liquefied Natural Gas Plants – Informational Item

What is LNG? Liquefied Natural Gas (LNG) is natural gas in a liquid form. LNG is neither corrosive nor toxic. It is most commonly stored underground under pressure. LNG is normally warmed to make natural gas to be used in heating and cooking as well as electricity generation and other industrial uses. LNG can also be kept as a liquid to be used as an alternative transportation fuel. Natural gas is the cleanest burning fossil fuel. It produces less emissions and pollutants than either coal or oil.

LNG in California. There are currently no LNG terminals located on the west coast of the United States. As demand for natural gas increases in California and throughout the United States, alternative sources of natural gas are being investigated. According to the Energy Commission, a number of companies have recently proposed to build LNG import facilities in California. For example, in 2004, Sound Energy Solutions filed an application for an LNG plant off the coast of Long Beach.

Commission Role. The State Coastal Act of 1976 made the Coastal Commission responsible for permitting construction of offshore oil and gas development. All offshore oil and gas exploration, including any development on the federal outer continental shelf, must be reviewed by the Commission. Projects in federal waters are reviewed for consistency with California's federally-approved Coastal Management Program. A 1984 amendment to the Coastal Act requires the Commission to work with the Governor and other agencies relative to offshore oil transportation and refining issues (PRC 30265 and 30265.5). Marine terminals, refineries, oil and gas pipelines, and other energy development in the coastal zone must be regulated by the Commission (PRC 30260–30263).

Questions:

1. What resources does the Coastal Commission currently have to respond to permitting requests for LNG facilities?
2. How long does it take the Coastal Commission to respond to a permitting request with current staffing levels?

3. Webstreaming of Commission Meetings

Background. During 2006-07 the Legislature appropriated funds for a pilot project to webstream Coastal Commission meetings. These meetings take place quarterly in large meeting halls around the state. The pilot project funds will run out in February 2008.

3760 State Coastal Conservancy

Background. The State Coastal Conservancy (SCC) is authorized to acquire land, undertake projects, and award grants for the purposes of: (1) preserving agricultural land and significant coastal resources, (2) consolidating subdivided land, (3) restoring wetlands, marshes, and other natural resources, (4) developing a system of public accessways, and (5) improving coastal urban land uses. In general, the projects must conform to California Coastal Act policies and be approved by the conservancy governing board.

Governor's Budget. The Governor's budget proposes \$138 million for the State Coastal Commission. This is a 36 percent decrease over the current year budget due to decreased capital outlay funds.

Summary of Expenditures				
<i>(dollars in thousands)</i>	2006-07	2007-08	\$ Change	% Change
Type of Expenditure				
Coastal Resource Development	\$4,895	\$5,057	\$162	3.3
Coastal Resource Enhancement	12,758	6,528	-6,230	-48.8
Administration	3,282	3,939	657	20.0
<i>less distributed administration</i>	-3,282	-3,939	-657	20.0
Capital Outlay	205,056	130,737	-74,319	-36.2
Total	\$222,709	\$142,322	-\$80,387	-36.1
Funding Source				
General Fund	\$8,000	\$0	-\$8,000	-100
Special Funds	13,113	10,587	-2,526	-19.2
Bond Funds	165,455	127,677	-37,778	-22.8
<i>Budget Act Total</i>	<i>186,568</i>	<i>138,264</i>	<i>-48,304</i>	<i>-25.8</i>
Federal Trust Fund	5,142	2,132	-3,010	-58.5
Reimbursements	30,999	1,926	-29,073	-93.7
Total	\$222,709	\$142,322	-\$80,387	-36.1

Vote-Only Items

1. Redirection of Funding – California Ocean Protections Council

Background. The California Ocean Protection Council (COPC) implements the California Ocean Protection Act (COPA). The COPC is housed within the State Coastal Conservancy, which provides administrative support and serves as fiscal agent for COPC. Each year the Coastal Conservancy takes on funding design and implementation of more than one hundred separate projects. The Coastal Conservancy is also requested to provide technical assistance to local, state, and federal agencies and to nonprofit organizations.

Governor's Budget. The Governor's budget proposes to redirect \$430,000 of the Coastal Conservancy's \$1 million Operating Expenses and Equipment baseline to five new positions at the Coastal Conservancy to administer the California Ocean Protections Council. The funds are coming from the California Environmental License Plate Fund.

Staff Recommendation. Staff recommends the Subcommittee approve the budget proposal.

2. Public Access Program

Background. The State Coastal Conservancy works on various types of public access programs, including:

- acquisition of trail easements
- acceptance of offers to dedicate
- design and construction of trails, stairways, staging areas, restrooms and interpretive signage
- providing facilities for physically disabled, or mobility impaired, visitors

The State Coastal Conservancy provides grants for operations costs to local government agencies and nonprofit organizations to open up new accessways.

Governor's Budget. The Governor's Budget proposes \$900,000 in special funds for development, operation, and maintenance of public accessways:

- \$500,000 from the Coastal Access Account
- \$400,000 from the Coastal License Plate Fund

Staff Recommendation. Staff recommends the Subcommittee approve the item as proposed.

Discussion Items

3. Staffing to Implement Proposition 84

Background. Proposition 84 allocates \$360 million for the Coastal Conservancy's coastal and San Francisco Bay programs. Proposition 84 also allocates \$90 million for the California Ocean Protection Council.

These new positions would administer the California Ocean Protection Council's programs and assist in such high profile efforts as the creation of marine reserves, ocean mapping, and the development of ocean observation systems.

These new positions would also work on projects such as the Klamath River restoration, the South Bay Salt Ponds in San Francisco Bay, the removal of Matilija Dam, and the restoration of Ballona Lagoon.

Governor's Budget. The Governor's Budget proposes \$1.5 million in Proposition 84 bond funds for five positions to implement Proposition 84 programs.

Staff Recommendation. Due to direction from the Budget Chair to hold all November 2006 voter approved bond funds open until policy committees hold oversight hearings, staff recommends the Subcommittee hold this item open.

4. Proposition 84 Funds for Coastal Conservancy Programs

Background. The State Coastal Conservancy works on three major programs: coastal resource enhancement, public access and coastal resource development, and San Francisco Bay Conservancy. The Coastal Conservancy's capital outlay projects protect and improve rivers, lakes, streams, watersheds, beaches, bays, coastal waters, and other natural resources of the coast and San Francisco Bay area; and promote the public's access to and enjoyment of the coast and San Francisco Bay shoreline; work on the California Coastal Trail; and provide trail connections to the coast from inland areas, including the development of regional river parkway systems.

Proposition 84 provides funds for the State Coastal Conservancy:

- \$45 million for Santa Ana River Parkway – Chapter 5, Section 75050 (i).
- \$135 million for protection of beaches, bays, coastal waters, and watersheds – Chapter 7, Section 75060 (b)
- \$45 million for protection of Monterey Bay – Chapter 7, Section 75060 (e)
- \$27 million for protection of San Diego Bay – Chapter 7, Section 75060 (f)

Proposition 84 provides funds for the San Francisco Bay Area Conservancy:

- \$108 million for the San Francisco Bay Area Conservancy Program – Chapter 7, Section 75060 (c)

Governor's Budget. The Governor's Budget proposes \$84,443,000 in Proposition 84 bond funds for the State Coastal Conservancy for either capital outlay or local assistance.

The funds would be used to:

- Acquire, restore and enhance river and stream corridors, wetlands, urban watersheds, bays and estuaries, as well as related coastal waters, beaches, and other environmentally sensitive lands and waters in coastal areas to protect public health and safety, and preserve biodiversity.
- Acquire land and rights-of-way, to develop public accessways, including accepted offers-to-dedicate, to expand and improve the California Coastal Trail, and to preserve scenic open space lands.
- Acquire, restore and enhance wetlands and other environmentally sensitive lands in the San Francisco Bay area and to grant funds for such purposes to public agencies and nonprofit organizations.

Staff Recommendation. Due to direction from the Budget Chair to hold all November 2006 voter approved bond funds open until policy committees hold oversight hearings, staff recommends the Subcommittee hold this item open.

5. Ocean Protection Council: Capital Projects and Science Applications

Background. The California Ocean Protection Council (COPC) works on a wide variety of problems on California's coast and ocean, including over-fishing, habitat destruction, invasive species, beach erosion, loss of economic vitality, poor water quality, lack of enforcement capabilities, and marine debris. COPC is currently working on an ocean mapping project that aims to map all state waters over the next five years.

Proposition 84, Chapter 7, Section 75060 (g) provides \$90 million to California Ocean Protection Trust Fund, funds from which can only be used for ocean protection and related activities.

Governor's Budget. The Governor's Budget proposes \$28 million in Proposition 84 bond funds for the Ocean Protection Council for capital projects and science applications. Of that amount, approximately \$5 million would be for science and the rest for capital outlay.

Staff Recommendation. Due to direction from the Budget Chair to hold all November 2006 voter approved bond funds open until policy committees hold oversight hearings, staff recommends the Subcommittee hold this item open.

6. Conservancy Programs

Background. The Coastal Conservancy funds public access programs on the coast. These programs can include beach stairways, restrooms, parking lots, alternative transportation systems, wildlife viewing areas, facilities for people with limited mobility or other special needs, and trails connecting inland populations to the coast.

Governor's Budget. The Governor's Budget proposes \$9,549,000 in Proposition 12 bond funds for various Coastal Conservancy programs. Specifically, the funds would be for:

- \$4,012,000 for the California Coastal Trail and for the coastal access program
- \$2,236,000 for restoration projects at Santa Monica Bay
- \$1,455,000 for conservancy programs north of the Gualala River
- \$909,000 for conservancy programs within Santa Cruz, Monterey, San Luis Obispo and Santa Barbara Counties
- \$632,000 for San Francisco Bay Area Conservancy Programs
- \$350,000 to acquire land for the Laguna Coast Wilderness Park

Reversion of Funds. The funds requested in the Governor's Budget were originally appropriated in FY 200-01 and reverted five years later. The funds were reverted for numerous reasons. These include:

- The original appropriation designated the funds towards specific projects rather than objectives. The conservancy was unable to encumber funds for some of the projects.
- Some of the projects were very large and not all funds were liquidated within the five-year period.
- Proposition 40 and 50 funds were allocated to a restoration project in Upper Newport Bay, but not all of the funds were needed for the projects ready to go and some funds were allowed to revert.
- It took longer to complete some projects than expected.
- Regulatory and permitting issues were more complex than anticipated.
- Funding was provided for projects and the landowner turned out to be unwilling to sell the property or there were issues with the sale that took longer than anticipated to resolve.

Staff Recommendation. Staff recommends the Subcommittee approve the budget proposal.

7. Reappropriation of Coastal Conservancy Programs and San Francisco Bay Conservancy Program

Background. The State Coastal Conservancy's program include: 1) agricultural conservation, 2) San Francisco Bay Area conservation, 3) watershed and ocean protection, 4) coastal resource restoration, 5) coastal resource enhancement, 6) urban waterfront restoration, 7) reservation of significant resource sites, and 8) development of a system of public accessways along the coast.

In 2004-05, the Legislature appropriated \$26.4 million to the State Coastal Conservancy to implement conservancy programs.

Governor's Budget. The Governor's Budget proposes a reappropriation of \$4.5 million to the State Coastal Conservancy for various programs. The funds would be divided as follows:

- \$1 million for the San Francisco Bay Conservancy Program
- \$2 million for the Coastal Conservancy Programs
- \$1.5 million in reimbursements

Staff Recommendation. Staff recommends the Subcommittee hold this item open until the department answers the following questions:

- Why were the funds not expended in a timely manner?
- Where are the reimbursements coming from?

3125 California Tahoe Conservancy

Background. The California Tahoe Conservancy (CTC) acquires and manages land to protect the natural environment, provide public access and recreational facilities, and preserve wildlife habitat areas. It also awards grants to other agencies and nonprofit organizations for the purposes of its programs.

Governor's Budget. The Governor's Budget proposes \$45.5 million for the Tahoe Conservancy. This is an eight percent increase over the current year due to an increase in bond funds.

Summary of Expenditures				
<i>(dollars in thousands)</i>	2006-07	2007-08	\$ Change	% Change
Type of Expenditure				
Tahoe Conservancy	\$25,083	\$29,708	\$4,625	18.4
Capital Outlay	18,643	16,519	-2,124	-11.4
Total	\$43,726	\$46,227	\$2,501	5.7
Funding Source				
General Fund	\$189	\$192	\$3	1.6
Special Funds	6,069	4,897	-1,172	-19.3
Bond Funds	35,796	40,423	4,627	12.9
<i>Budget Act Total</i>	<i>42,054</i>	<i>45,512</i>	<i>3,458</i>	<i>8.2</i>
Reimbursements	1,459	500	-959	-65.7
Tahoe Conservancy Fund	213	215	2	0.9
Total	\$43,726	\$46,227	\$2,501	5.7

Note: The California Tahoe Conservancy's biomass energy budget change proposal submitted jointly with the California Department of Forestry and Fire Protection will be heard on March 26 with the California Department of Forestry and Fire Protection budget.

1. Implementation of the Environmental Improvement Program for the Lake Tahoe Basin

Background. The Environmental Improvement Program (EIP) represents a collaborative capital improvement approach toward meeting environmental and public access goals at Lake Tahoe. The EIP reflects a commitment to capital outlay, local assistance, and programmatic approaches to counter the rapid decline of the resources and public recreation values of the Lake Tahoe Basin. Since 1998, the state has appropriated approximately \$181 million to the Tahoe Conservancy for the EIP implementation.

Governor's Budget. The Governor's Budget proposes \$39,631,000 for the California Tahoe Conservancy from various bond funds. Of this amount, \$16.1 million would be for capital outlay and \$23.5 million for local assistance. These bond funds are as follows:

- \$996,000 from Proposition 12
- \$1,122,000 from Proposition 40
- \$9 million from Proposition 50
- \$27,373,000 from Proposition 84

In addition to the funds requested, the administration is proposing to make the Habitat Conservation Fund off-budget.

Staff Recommendation. Due to direction from the Budget Chair to hold all November 2006 voter approved bond funds open until policy committees hold oversight hearings, staff recommends the Subcommittee hold this item open.

3810 Santa Monica Mountains Conservancy

Background. The Santa Monica Mountains Conservancy (SMMC) acquires, restores, and consolidates lands in the Santa Monica Mountains Zone for park, recreation, or conservation purposes. The SMMC was established by the Legislature in 1980.

Governor's Budget. The Governor's Budget proposes \$18,207,000 for operations and capital outlay expenditures for the SMMC from various special funds and from Proposition 84 bond funds.

- \$1,194,000 for operations and to support 5.2 positions.
- \$17,013,000 for capital outlay and local assistance.

Summary of Expenditures				
<i>(dollars in thousands)</i>	2006-07	2007-08	\$ Change	% Change
Type of Expenditure				
Santa Monica Mountains Conservancy	\$778	\$1,194	\$416	53.4
Capital Outlay	24,068	17,013	-7,055	-29.3
Total	\$24,846	\$18,207	-\$6,639	-26.7
Funding Source				
Special Funds	\$502	\$260	-\$242	-48.2
Bond Funds	24,344	17,947	-6,397	-28.2
Total	\$24,846	\$18,207	-\$6,639	-28.6

1. Capital Outlay: Acquisition and Local Assistance Grants

Background. The Santa Monica Mountains Conservancy's strategic plan is to purchase, preserve, protect, restore and enhance land to form an interlinking system of urban, rural and river parks, as well as open space, trails, and wild-life habitats accessible to the general public. In addition, the SMMC forms partnerships with other agencies, including federal, state, county, city, resources conservation districts, water districts, park and open space district.

The cost of land in the SMMC operations area is estimated at \$10,000 per acre. SMMC can purchase land from willing sellers and acquire by eminent domain.

Proposition 84 (Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Act of 2006) dedicates \$56 million in bond funds specifically for the Santa

Monica Mountains Conservancy. Chapter 5, Section 75050 provides \$36 million and Chapter 7, Section 75060 provides an additional \$20 million.

Governor's Budget. The Governor's Budget proposes \$17 million in Proposition 84 bond funds for protection and restoration of rivers, lakes and streams, watersheds and associated lands, and other natural resources.

With these funds, the SMMC intends to pay full market price to acquire privately owned watershed property, and pay the costs associated with planning, permitting, and administering coastal watersheds.

Staff Analysis. The SMMC has been operating since 1980 and has a successful history of preserving over 55,000 acres of land. The SMMC developed the Santa Monica Mountains Conservancy Work Program to prioritize land acquisition, and holds public hearings on every project. The SMMC has, in the past, handled over \$22 million in capital outlay and local assistance grants in a single year.

Staff Recommendation. Due to direction from the Budget Chair to hold all November 2006 voter approved bond funds open until policy committees hold oversight hearings, staff recommends the Subcommittee hold this item open.

2. Capital Outlay and Grants

Background. The Santa Monica Mountains Conservancy receives funds through donations, settlements and other sources. These funds are placed into the Santa Monica Mountains Conservancy Fund. The SMMC needs Legislative authority to expend these funds. If sufficient funds are not received through donations, the funds cannot be expended despite spending authority.

Governor's Budget. The Governor's Budget proposes \$13,000 in expenditure authority from the Santa Monica Mountains Conservancy Fund. The funds would be used toward SMMC mission in land acquisition, improvements, restoration, environmental interpretation, and grants.

Staff Recommendation. Staff recommends the Subcommittee approve the budget proposal.

3820 San Francisco Bay Conservation and Development Commission

Background. The San Francisco Bay Conservation and Development Commission (BCDC) implements and updates the San Francisco Bay Plan and the Suisun Marsh Protection Plan. Under these plans, BCDC regulates and issues permits for: (1) all filling and dredging activities in the San Francisco, San Pablo, and Suisun Bays including specified sloughs, creeks, and tributaries; (2) changes in the use of salt ponds and other "managed wetlands" adjacent to the bay; and (3) significant changes in land use within the 100-foot strip inland from the bay. The commission's main objectives are to minimize fill in San Francisco Bay and maximize public access to the shoreline.

Governor's Budget. The Governor's Budget proposes \$5.3 million for the San Francisco Bay Conservation and Development Commission to support operations and 41.8 existing positions.

Summary of Expenditures				
<i>(dollars in thousands)</i>	2006-07	2007-08	\$ Change	% Change
Type of Expenditure				
Bay Conservation and Development	\$5,378	\$5,305	-\$73	-1.3
Total	\$5,378	\$5,305	-\$73	-1.3
Funding Source				
General Fund	\$4,445	\$4,420	-\$25	-0.5
<i>Budget Act Total</i>	<i>4,445</i>	<i>4,420</i>	<i>-25</i>	<i>-0.5</i>
Bay Fill Clean-Up and Abatement Fund	203	206	3	1.5
Federal Trust Fund	51	0	-51	-100.0
Reimbursements	679	679	0	0.0
Total	\$5,378	\$5,305	-\$73	-1.3

Staff Recommendation. No issues have been raised regarding this program. Approve as budgeted.

3825 San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy

Background. The San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy (SGLAC) acquires and manages public lands in the San Gabriel basin, along the San Gabriel river and its tributaries, the lower Los Angeles river and its tributaries, and the San Gabriel Mountains. The conservancy acquires land to provide open space, low-impact recreational and educational uses, water conservation, watershed improvement, and wildlife and habitat restoration and protection.

Governor's Budget. The Governor's budget proposes \$38,834,000 from various funding sources for operations and capital outlay. The budget proposes 5.5 new positions.

- \$1,164,000 from special funds and Proposition 50 and Proposition 84 bond funds for operations and 9 positions.
- \$12,670,000 from Proposition 12 bond funds for capital outlay.
- \$25,000,000 from Proposition 84 bond funds for capital outlay.

Summary of Expenditures

<i>(dollars in thousands)</i>	2006-07	2007-08	\$ Change	% Change
Type of Expenditure				
San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy	\$555	\$1,164	\$609	109.7
Capital Outlay	6,210	37,670	31,460	506.6
Total	\$6,765	\$38,834	\$32,069	474.0

Funding Source

Special Funds	\$323	\$319	-\$4	-1.2
Bond Funds	6,417	38,515	32,098	500.2
<i>Budget Act Total</i>	<i>6,740</i>	<i>38,834</i>	<i>32,094</i>	<i>476.1</i>
Reimbursements	25	0	-25	-100.0
Total	\$6,765	\$38,834	\$32,069	474.0

1. Proposition 84 Capital Outlay and Grants

Background. The Rivers and Mountains Conservancy acquires and manages lands. The conservancy also provides grants to local governments, non-profits, water districts, and others to perform site preservation, enhancement, and restoration. The conservancy has a list of over 400 projects in its work area that are ready for funding. The conservancy has a 5-year plan for programs and acquisition.

Proposition 84, Chapter 5, Section 75050 (g) (2) provides \$36 million to the Rivers and Mountains Conservancy for unspecified projects within watersheds.

Proposition 84, Chapter 7, 75060 (d) (3) provides \$15 million to the Rivers and Mountains Conservancy for watersheds.

Governor's Budget. The Governor's Budget proposes \$25 million in proposition 84 bond funds for the conservancy.

Staff Analysis. Although the budget change proposal submitted by the Governor is for \$25 million, the proposal states that grant funds totaling \$46.7 million will be provided to the Rivers and Mountains Conservancy over 5 years. The Legislature may wish to consider restricting budget bill language that clearly states this appropriation is one-time and does not serve as a tacit approval of future grant funds appropriations.

Questions:

1. The grant expenditure schedule provided in the budget change proposal shows half of the grant funds, \$25 million, requested in the first year. Why does the conservancy want half of the funds right away and can it move these funds out quickly enough to expend them responsibly?
2. Has the conservancy spent down all of the Proposition 40 and 50 funds available to it for appropriation? If not, why should the Legislature provide the entire \$25 million in new funds before the old bond funds are spent down?

Staff Recommendation. Due to direction from the Budget Chair to hold all November 2006 voter approved bond funds open until policy committees hold oversight hearings, staff recommends the Subcommittee hold this item open.

2. Proposition 84 Program Delivery Staff

Background. Currently, the conservancy has an executive director, secretary, and 1.5 project analysts. As Proposition 84 funds are appropriated to the conservancy, there will be new responsibilities associated with the prioritizing, planning, and implementation of projects. There will also be expanded duties in project selection, acquisitions, and management, as well as

administrative functions associated with systems development, document flow and business functions of such projects.

Governor's Budget. The Governor's Budget proposes \$523,000 in Proposition 84 bond funds for three new permanent positions and two limited-term positions. The total cost of these positions over five years will be \$2,497,000.

Staff Analysis. The appropriateness of the requested staffing level depends upon whether or not the Legislature chooses to appropriate the full \$25 million in Proposition 84 funds requested in another budget change proposal (see number 1 above).

Staff Recommendation. Due to direction from the Budget Chair to hold all November 2006 voter approved bond funds open until policy committees hold oversight hearings, staff recommends the Subcommittee hold this item open.

3. Add 0.5 Positions

Background. The conservancy currently manages over 120 grant contracts annually. Several years ago, the conservancy lost 0.5 PY due to budget cuts across state government.

In 2003-04, \$172,000 was reverted from the conservancy's operations expenses and equipment budget since the conservancy had not expended the funds.

Governor's Budget. The Governor's Budget proposes \$222,000 in Proposition 40 and Proposition 50 funds for 0.5 position and operating expenses and equipment.

Of the amount requested, \$40,000 is for the 0.5 PY and the remaining \$182,000 are for operating expenses and equipment within the conservancy unrelated to the position.

Staff Analysis. The conservancy has not justified the need for an additional \$182,000 for operating expenses and equipment. The conservancy should provide information to the Subcommittee demonstrating how their operating expenses and equipment needs have increased over 2003-04 when the funds were reverted from their budget.

Staff Recommendation. Staff recommends the Subcommittee approve \$40,000 for the 0.5 PY.

4. Reappropriation for Capital Outlay

Background. In 2002-03, the Legislature appropriated \$18 million to the conservancy from Proposition 40 funds. The conservancy was unable to expend the funds for multiple reasons, but mainly there were a few large land acquisitions that the conservancy could not complete.

Governor's Budget. The Governor's Budget proposes a \$12.67 million reappropriation in Proposition 40 bond funds for the conservancy.

Staff Analysis. The conservancy has indicated to staff that although it has identified up to \$60 million in land acquisitions, those land purchases are still undergoing Department of General Services (DGS) review. The previous land acquisitions fell through because of numerous problems, and there is no guarantee that the projects identified this time by the conservancy will be approved by DGS. The conservancy should provide information to the Subcommittee showing that the projects are ready for expenditure.

Staff Recommendation. Staff recommends the Subcommittee hold this item open.

3830 San Joaquin River Conservancy

Background. The San Joaquin River Conservancy (SJRC) acquires and manages public lands within the San Joaquin river parkway, which consists of approximately 5,900 acres on both sides of the San Joaquin River between Friant Dam and the Highway 99 crossing.

Governor's Budget. The Governor's budget proposes \$456,000 to support SJRC in 2007-08. This is nearly the same level of support as in the current year. The Governor's Budget also proposes an additional \$1 million for capital outlay.

Wildlife Conservation Board. The Wildlife Conservation Board (WCB) is designated to make land acquisitions on behalf of SJRC. The Governor's budget provides \$10 million in Proposition 84 bond funds to finance acquisitions for SJRC.

Summary of Expenditures				
<i>(dollars in thousands)</i>	2006-07	2007-08	\$ Change	% Change
Type of Expenditure				
San Joaquin River Conservancy	\$449	\$456	\$7	1.5
Capital Outlay	2,996	1,000	-1,996	-66.6
Total	\$3,445	\$1,456	-\$1,989	-57.7
Funding Source				
Special Funds	\$334	\$341	\$7	2.1
Bond Funds	115	115	0	0.0
<i>Budget Act Total</i>	<i>449</i>	<i>456</i>	<i>7</i>	<i>1.5</i>
Reimbursements	2,996	1,000	-1,996	-66.6
Total	\$3,445	\$1,456	-\$1,989	-57.7

1. San Joaquin River Conservancy Acquisitions

Background. The legislative mandate for the San Joaquin Conservancy is to acquire and protect approximately 5,900 acres along the San Joaquin River corridor in order to preserve and enhance the area's cultural and natural resources, and provide educational and recreational opportunities

to the public. To date, the conservancy has acquired approximately 4,146 acres. The Wildlife Conservation Board (WCB) performs all of the conservancy's acquisitions for them, and the funds for these appropriations are reflected in the WCB budget.

Governor's Budget. The Governor's Budget proposes \$8.5 million in Proposition 84 bond funds to the San Joaquin Conservancy which will be used by the Wildlife Conservation Board to acquire lands in the conservancy's area.

Staff Recommendation. Due to direction from the Budget Chair to hold all November 2006 voter approved bond funds open until policy committees hold oversight hearings, staff recommends the Subcommittee hold this item open.

2. San Joaquin River Conservancy Public Access, Recreation, and Environmental Restoration

Background. The San Joaquin River Conservancy has programs in providing public access, recreation, and environmental restoration. The San Joaquin River Parkway Master Plan includes multiple potential projects in public access and recreation. The Jensen River Ranch project is an example of environmental restoration, where wetlands are being created along with plantings of oaks and native shrubs. The conservancy has received a large non-state grant for this project.

Governor's Budget. The Governor's Budget proposes \$1.5 million in Proposition 84 bond funds and \$2 million in reimbursement authority for public access, recreation, and environmental restoration projects. The funds are for the San Joaquin Conservancy, but are expended through the Wildlife Conservation Board's budget.

Questions:

1. What are the San Joaquin Conservancy's priorities for preserving natural habitat vs. providing recreational opportunities to the public?

Staff Recommendation. Due to direction from the Budget Chair to hold all November 2006 voter approved bond funds open until policy committees hold oversight hearings, staff recommends the Subcommittee hold this item open.

3835 Baldwin Hills Conservancy

Background. The Baldwin Hills Conservancy (BHC) acquires and manages public lands within the Baldwin Hills area to provide recreational facilities, open space, wildlife habitat restoration, and educational services.

Governor's Budget. The Governor's budget proposes \$3.5 million to support BHC in 2007-08. This is 84 percent less than the estimated expenditures in the current year due to a loss of capital outlay bond funds.

Summary of Expenditures				
<i>(dollars in thousands)</i>	2006-07	2007-08	\$ Change	% Change
Type of Expenditure				
Baldwin Hills Conservancy	\$431	\$440	\$9	2.1
Capital Outlay	24,386	4,050	-20,336	-83.3
Total	\$24,817	\$4,490	-\$20,327	-81.9
Funding Source				
Special Funds	\$321	\$329	\$8	2.5
Bond Funds	22,496	3,161	-19,335	-85.9
<i>Budget Act Total</i>	<i>22,817</i>	<i>3,490</i>	<i>-19,327</i>	<i>-84.7</i>
Reimbursements	2,000	1,000	-1,000	-50.0
Total	\$24,817	\$4,490	-\$20,327	-81.9

1. Acquisition and Improvement Program

Background. Baldwin Hills Conservancy land acquisitions are conducted in accordance with the 2002 Baldwin Hills Park Master Plan. The BHC work is accomplished through both direct Conservancy work and by providing grants to local agencies. The BHC is currently focusing on saving the Ballona Creek Watershed, of which approximately one-third is coastal sage scrub. The remaining two-thirds of the watershed is degraded by oil production and will require extensive restoration efforts. There are 528 unprotected acres of land in this area.

The land cost in the BHC area range from \$45,000 to \$200,000 per acre.

Proposition 84 (Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Act of 2006) dedicates \$10 million for the Baldwin Hills Conservancy.

Governor's Budget. The Governor's Budget proposes \$4,050,000 for the Baldwin Hills Conservancy from Proposition 84 bond funds and reimbursements. The funds requested would be utilized towards protecting and enhancing the two-square mile area Kenneth Hahn State Recreation Area of the Ballona Creek Watershed.

- \$3,050,000 from Proposition 84 general obligation bond funds.
- \$1,000,000 from reimbursements.

Questions for the Subcommittee:

1. If the state acquires lands degraded by oil production, does the state become liable for the clean-up costs? If so, what is the estimate for those clean-up costs?
2. Why is the conservancy not requesting positions to implement the bond? Does the conservancy think Prop 84 will get underway only in 2008-09?

Staff Recommendation. Due to direction from the Budget Chair to hold all November 2006 voter approved bond funds open until policy committees hold oversight hearings, staff recommends the Subcommittee hold this item open.

2. Trailer Bill Language on Sunset Date

Background. The Baldwin Hills Conservancy sunsets January 1, 2008.

Currently pending legislation, AB 3 (Bass), would repeal the sunset date and thus extend the Baldwin Hills Conservancy indefinitely.

Governor's Budget. The Governor has submitted trailer bill language extending the Baldwin Hills Conservancy for another 10 years.

Questions:

1. What has the conservancy accomplished during its ten years of existence?
2. What planning has the conservancy done for the future?

Staff Recommendation. Staff recommends the Subcommittee hold this item open.

3845 San Diego River Conservancy

Background. The San Diego River Conservancy (SDRC) acquires and manages public lands within the San Diego River Area. It acquires lands to provide recreational opportunities, open space, wildlife habitat, species protection, wetland protection and restoration, and protection and maintenance of the quality of the San Diego River.

Governor's Budget. The Governor's Budget proposes \$3,194,000 to support SDRC in 2007-08. This is 979 percent more than the level of expenditures as estimated in the current year due to an increase in bond funds.

Summary of Expenditures				
<i>(dollars in thousands)</i>	2006-07	2007-08	\$ Change	% Change
Type of Expenditure				
San Diego River Conservancy	\$296	\$449	\$153	51.6
Capital Outlay	500	2,745	2,245	449.0
Total	\$796	\$3,194	\$2,398	301.2
Funding Source				
Special Funds	\$296	\$299	\$3	1.0
Bond Funds	0	2,895	2,895	100.0
<i>Budget Act Total</i>	<i>296</i>	<i>3,194</i>	<i>2,898</i>	<i>979.1</i>
Reimbursements	500	0	-500	-100.0
Total	\$796	\$3,194	\$2,398	301.2

1. Urban Greening

Background. The San Diego River watershed includes 440 square miles with five water storage reservoirs, a groundwater aquifer, riparian habitat, coastal wetlands, and tide pools. A little over half of the San Diego River watershed remains undeveloped. Urban pressures on the San Diego River have led to changes in the rivers hydrologic function and its physical characteristics. The Lower San Diego River is also polluted with phosphorus, dissolved oxygen, fecal coliform and total dissolved solids. The San Diego River Conservancy has a 52-mile jurisdiction along the San Diego River.

Proposition 84 (Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Act of 2006) Chapter 9, Section 75065(a) allocates \$90 million toward urban greening projects. The Proposition does not specify an agency to receive these funds. The Proposition states that the funds must be used for:

“...projects that reduce energy consumption, conserve water, improve air and water quality, and provide other community benefits. Priority shall be given to projects that provide multiple benefits, use existing public lands, serve communities with the greatest need and facilitate joint use of public resources and investments including schools. Implementing legislation shall provide for planning grants for urban greening programs.”

Governor’s Budget. The Governor’s Budget proposes \$2,895,000 in Proposition 84 bond funds for urban greening planning and projects, and one position.

Staff Analysis. The Proposition specifies in Chapter 9, Section 75065(a) that: “Implementing legislation shall provide for planning grants for urban greening programs”. However, the Administration has not submitted trailer bill language to implement the urban greening programs.

Staff Recommendation. Staff recommends the Subcommittee hold this item open until the administration submits trailer bill language allowing a new mission for the Department of Conservation or upon approval of a policy bill that establishes this program within the department.

3850 Coachella Valley Mountains Conservancy

Background. The Coachella Valley Mountains Conservancy (CVMC) acquires and holds, in perpetual open space, mountainous lands surrounding the Coachella Valley and natural community conservation lands within the Coachella Valley.

Governor's Budget. The Governor's Budget proposes \$11,905,000 to support CVMC in 2007-08. This is a 670 percent increase from current year estimated expenditures due to the administration's decision to an increase in bond funds.

Summary of Expenditures				
<i>(dollars in thousands)</i>	2006-07	2007-08	\$ Change	% Change
Type of Expenditure				
Coachella Valley Mountains Conservancy	\$413	\$429	\$16	3.8
Capital Outlay	1,758	11,514	9,756	554.9
Total	\$2,171	\$11,943	\$9,772	450.1
Funding Source				
Special Funds	\$287	\$298	\$11	3.8
Bond Funds	1,258	11,607	10,349	822.6
<i>Budget Act Total</i>	<i>1,545</i>	<i>11,905</i>	<i>10,360</i>	<i>670.5</i>
Reimbursements	626	65	-561	-89.6
Total	\$2,171	\$11,970	\$9,799	451.3

1. Land Acquisition and Improvements

Background. The Coachella Valley Mountains Conservancy (CVMC) will complete its Natural Community Conservation Plan (NCCP) in August 2007. The NCCP will identify species habitat within the Coachella Valley Mountains. CVMC has a strategic plan that calls for acquisition and preservation of natural habitat, but the NCCP will allow the conservancy to proceed with land acquisitions that protect the most species.

The cost of land varies dramatically within the Coachella Valley Mountains. The CVMC anticipates acquiring some parcels for as little as \$100 per acre, while other parcels will cost as much as \$100,000 per acre. The CVMC only acquires land from willing sellers.

Proposition 84 provides \$36 million to the Coachella Valley Mountains Conservancy.

Governor's Budget. The Governor's Budget proposes \$11,514,000 in Proposition 84 bond funds for land acquisition.

Staff Analysis. The CVMC has previously managed a grant program of as much as \$20 million in a single year.

Staff Recommendation. Due to direction from the Budget Chair to hold all November 2006 voter approved bond funds open until policy committees hold oversight hearings, staff recommends the Subcommittee hold this item open.

3855 Sierra Nevada Conservancy

Background. Legislation was enacted in 2004, (AB 2600), to create a new Sierra Nevada Conservancy (SNC) to provide a vehicle for increasing and coordinating state and federal investments in the Sierra Nevada region. The region contains the mountains and the foothills of the Sierra Nevada range and certain adjoining areas, including Mono Basin, the Owens Valley, and part of the southern Cascade region. The jurisdiction covers all or portions of 22 counties from Shasta and Modoc counties in the north to Kern County in the south. Six geographic sub-regions have been defined within the conservancy boundaries. The conservancy is prohibited from acquiring fee title to land.

Governor's Budget. The Governor's Budget proposes \$21.6 million for the Sierra Nevada Conservancy for operations and local assistance grants. This is a 438 percent increase over the current year due to newly available bond funds.

Summary of Expenditures				
<i>(dollars in thousands)</i>	2006-07	2007-08	\$ Change	% Change
Type of Expenditure				
Sierra Nevada Conservancy	\$4,016	\$21,604	\$17,588	437.9
Total	\$4,016	\$21,604	\$17,588	437.9
Funding Source				
Special Funds	\$3,816	\$3,904	\$88	2.3
Bond Funds	0	17,500	17,500	
<i>Budget Act Total</i>	<i>3,816</i>	<i>21,404</i>	<i>17,588</i>	<i>460.9</i>
Reimbursements	200	200	0	0.0
Total	\$4,016	\$21,604	\$17,588	437.9

1. Proposition 84 Grant Funding

Background. The Sierra Nevada Conservancy (SNC) was created by legislation in 2004. The SNC responsibilities are to:

- increase opportunities for tourism and recreation
- protect, conserve, and restore the region's physical, cultural, archaeological, historical, and living resources
- aid in the preservation of working landscapes
- protect and improve water quality

- assist the regional economy through the operation of the Conservancy's program
- undertake efforts to enhance public use and enjoyment of lands owned by the public

The SNC has never previously had a grant program and has not managed more than \$4 million in funds. SNC is currently developing guidelines for providing grants to local agencies, but those grant guidelines are not yet complete. Grant guidelines must be developed using a comprehensive process of public hearings, including the development of notices, responding to public comments, and consulting with legal staff.

Proposition 84, Chapter 5 Section 75050(j), provides SNC with \$54 million for the protection and restoration of rivers, lakes and streams, their watershed and associated land, water, and other natural resources.

Governor's Budget. The Governor's Budget proposes \$17.5 million in Proposition 84 bond funds for local assistance grants and five new positions at the Sierra Nevada Conservancy.

Staff Analysis. The Sierra Nevada Conservancy's work is very important for preservation of natural resources in the Sierra Mountains. However, the conservancy has never managed a grant program before. The conservancy is still developing its first set of grant guidelines, which are going out for public comment in March 2007. The conservancy may be unprepared for the amount of paperwork and tracking general obligation bond fund grants require.

In addition to having incomplete grant guidelines, the conservancy works in an area where many potential grant recipients have not applied for natural habitat protection grants previously. The conservancy works in an area with 22 rural counties, 40 towns, and 200 small unincorporated communities. Also in the area where the conservancy works are sophisticated non-profit land trusts that do very good work in preserving natural habitat. While the counties and towns may need a great deal of technical assistance to apply for grants, the land trusts working in the area may not need the same level of technical assistance.

Staff Recommendation. Due to direction from the Budget Chair to hold all November 2006 voter approved bond funds open until policy committees hold oversight hearings, staff recommends the Subcommittee hold this item open.